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Canada  
Telegraph Lines, Standing  
Committee on, 1952/53

HOUSE OF COMMONS

Seventh Session—Twenty-first Parliament

1952-53

1952/53  
Government  
Publications

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STANDING COMMITTEE

ON

RAILWAYS, CANALS AND  
TELEGRAPH LINES

Chairman—H. B. McCULLOCH, ESQ.

MINUTES OF PROCEEDINGS AND EVIDENCE *[and ref]*

No. 1

Bill No. 38 (Letter L of the Senate),

An Act respecting The Saint John Bridge and Railway  
Extension Company

Bill No 39 (Letter M of the Senate),

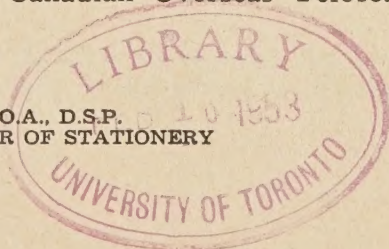
An Act to amend The Canadian Overseas Telecommunication  
Corporation Act

MONDAY, FEBRUARY 9, 1953

WITNESSES:

Mr. J. Q. Maunsell, Q.C., General Solicitor, C.P.R., Montreal, and Mr.  
D. F. Bowie, General Manager of the Canadian Overseas Telecom-  
munication Corporation.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1953





## STANDING COMMITTEE

### RAILWAYS, CANALS AND TELEGRAPH LINES

*Chairman:* H. B. McCulloch, Esq.,

*Vice-Chairman:* H. P. Cavers, Esq.

Applewhaite,	Follwell,	Murphy,
Beaudry,	Fulton,	Murray ( <i>Cariboo</i> )
Bertrand,	Garland,	Mutch,
Beyerstein,	Gillis,	Nickle,
Bonnier,	Gourd ( <i>Chapleau</i> )	Nixon,
Bourget,	Green,	Noseworthy,
Browne ( <i>St. John's West</i> ),	Harkness,	Pouliot,
Cannon,	Harrison,	Richard ( <i>Saint Maurice-</i> <i>Lafleche</i> ),
Carroll,	Healy,	Riley,
Carter,	Herridge,	Robinson,
Casselman,	Hodgson,	Rooney,
Cauchon,	James,	Ross ( <i>Hamilton East</i> ),
Cavers,	Lafontaine,	Shaw,
Chevrier,	Low,	Spence,
Churchill,	Macdonald ( <i>Edmonton</i> <i>East</i> ),	Stuart ( <i>Charlotte</i> )
Clark,	MacNaught,	Thatcher,
Conacher,	McCulloch,	Weaver,
Darroch,	McGregor,	Whiteside,
Dewar,	McIvor,	Whitman,
Eudes,	Mott,	
Ferguson,		

R. J. GRATRIX,  
*Clerk of the Committee.*

## ORDERS OF REFERENCE

MONDAY, January 12, 1953.

*Resolved*,—That the following Members do compose the Standing Committee on Railways, Canals and Telegraph Lines:—

Applewhaite,	Follwell,	Murphy,
Beaudry,	Fulton,	Murray ( <i>Cariboo</i> ),
Bertrand,	Garland,	Mutch,
Beyerstein,	Gillis,	Nickle,
Bonnier,	Gourd ( <i>Chapleau</i> ),	Nixon,
Bourget,	Green,	Noseworthy,
Browne ( <i>St. John's West</i> ),	Harkness,	Pouliot,
Cannon,	Harrison,	Richard ( <i>Saint-Maurice-</i>
Carroll,	Healy,	<i>Lafleche</i> ),
Carter,	Herridge,	Riley,
Casselman,	Hodgson,	Robinson,
Cauchon,	James,	Rooney,
Cavers,	Lafontaine,	Ross ( <i>Hamilton East</i> ),
Chevrier,	Low,	Shaw,
Churchill,	Macdonald ( <i>Edmonton</i>	Spence,
Clark,	<i>East</i> ),	Stuart ( <i>Charlotte</i> ),
Conacher,	McCulloch,	Thatcher,
Darroch,	MacNaught,	Weaver,
Dewar,	McGregor,	Whiteside,
Eudes,	McIvor,	Whitman—60.
Ferguson,	Mott,	

(Quorum 20)

*Ordered*,—That the Standing Committee on Railways, Canals and Telegraph Lines be empowered to examine and inquire into all such matters and things as may be referred to them by the House; and to report from time to time their observations and opinions thereon, with power to send for persons, papers and records.

MONDAY, January 12, 1953.

*Ordered*,—That the following Bill be referred to the said Committee:—

Bill No. 42 (Letter Q of the Senate), intituled: "An Act to incorporate Peace River Transmission Company Limited".

TUESDAY, January 13, 1953.

*Ordered*,—That the following Bill be referred to the said Committee:—

Bill No. 41 (Letter P of the Senate), intituled: "An Act respecting Interprovincial Pipe Line Company".

THURSDAY, January 15, 1953.

*Ordered*,—That the said Committee be authorized to sit while the House is sitting.

*Ordered*,—That the quorum of the said Committee be reduced from 20 to 12 Members, and that Standing Order 63 (1) (b) be suspended in relation thereto.



THURSDAY, February 5, 1953.

*Ordered*,—That the following Bills be referred to the said Committee:—

Bill No. 38 (Letter L of the Senate), intituled: "An Act respecting The Saint John Bridge and Railway Extension Company".

Bill No. 39 (Letter M of the Senate), intituled: "An Act to amend The Canadian Overseas Telecommunication Corporation Act".

MONDAY, February 9, 1953.

*Ordered*,—That the said Committee be empowered to print from day to day such papers and evidence as may be ordered by the Committee, and that Standing Order 64 be suspended in relation thereto.

*Attest.*

LÉON J. RAYMOND,  
*Clerk of the House.*



## REPORT TO THE HOUSE

THURSDAY, January 15, 1953.

The Standing Committee on Railways, Canals and Telegraph Lines begs leave to present the following as a

### FIRST REPORT

Your Committee recommends:

1. That it be authorized to sit while the House is sitting;
2. That its quorum be reduced from 20 to 12 members, and that Standing Order 63 (1) (b) be suspended in relation thereto.

All of which is respectfully submitted.

H. B. McCULLOCH,  
*Chairman.*

MONDAY, February 9, 1953.

The Standing Committee on Railways, Canals and Telegraph Lines begs leave to present the following as a

### THIRD REPORT

Your Committee recommends that it be empowered to print from day to day such papers and evidence as may be ordered by the Committee, and that S.O. 64 be suspended in relation thereto.

All of which is respectfully submitted.

H. B. McCULLOCH,  
*Chairman.*

MONDAY, February 9, 1953.

The Standing Committee on Railways, Canals and Telegraph Lines begs leave to present the following as a

### FOURTH REPORT

Your Committee has considered the following Bills and has agreed to report the said Bills without amendment:

Bill No. 38 (Letter L of the Senate), intituled: "An Act respecting The Saint John Bridge and Railway Extension Company", and

Bill No. 39 (Letter M of the Senate), intituled: "An Act to amend The Canadian Overseas Telecommunication Corporation Act".

All of which is respectfully submitted.

H. B. McCULLOCH,  
*Chairman.*

NOTE: *The Second Report of the Committee had reference to Private Bills in respect of which verbatim evidence was not taken.*





## MINUTES OF PROCEEDINGS

MONDAY, February 9, 1953

The Standing Committee on Railways, Canals and Telegraph Lines met at 11.00 o'clock a.m. this day. Mr. McCulloch, Chairman, presided.

*Members present:* Messrs. Browne (*St. John's West*), Carroll, Carter, Cavers, Chevrier, Churchill, Darroch, Green, Herridge, Hodgson, Macdonald (*Edmonton East*), McIvor, Mott, Murray (*Cariboo*), Pouliot, Riley, Rooney, Weaver, Whiteside, Whitman.

*In attendance:* Mr. J. Q. Maunsell, Q.C., General Solicitor, and Mr. George W. Hardy, Auditor of Agencies, of the C.P.R., Montreal; Mr. D. F. Bowie, General Manager and Mr. R. J. Cassidy, Secretary-Treasurer, of The Canadian Overseas Telecommunication Corporation; and Mr. W. J. Matthews, Director, Administration and Legal Services, Department of Transport.

On motion of Mr. Lafontaine:

*Resolved,*—That the Committee recommend to the House that it be empowered to print from day to day such papers and evidence as may be ordered by the Committee, and that S.O. 64 be suspended in relation thereto.

Bill No. 38 (Letter L of the Senate), intituled: "An Act respecting The Saint John Bridge and Railway Extension Company", was called for consideration.

On motion of Mr. Lafontaine:

*Ordered,*—That the Committee print 300 copies in English and 150 copies in French of its Minutes of Proceedings and Evidence in connection with the said Bill.

The Hon. Mr. Chevrier, Minister of Transport, made a short statement in explanation of the said Bill.

Mr. Maunsell called, made a statement on the details of the bill, was questioned thereon and retired.

Clauses 1 to 4 inclusive, and the Title were severally considered and adopted.

*Ordered,*—That the Chairman report the said Bill to the House without amendment.

The Committee then considered Bill No. 39 (Letter M of the Senate), intituled: "An Act to amend The Canadian Overseas Telecommunication Corporation Act".

On motion of Mr. Green:

*Ordered,*—That the Committee print 300 copies in English and 150 copies in French of its Minutes of Proceedings and Evidence in connection with the said Bill.

The Hon. Mr. Chevrier made a short statement in explanation of the said Bill.



Mr. Bowie called, made a statement on the operation and proposed expansion of the Corporation, was questioned thereon and retired.

Clauses 1 to 11 inclusive, and the Title were severally considered and adopted.

*Ordered*,—That the Chairman report the said bill to the House without amendment.

At 12.30 o'clock p.m. the Committee adjourned to meet again at the call of the Chair.

R. J. GRATRIX,  
*Clerk of the Committee.*



## EVIDENCE

The CHAIRMAN: We have a quorum and it is customary for someone to move that the committee recommend to the House that it be empowered to print from day to day 750 copies in English and 250 copies in French of its minutes and proceedings and evidence and that the standing order 64 be suspended in relation thereto.

Mr. CARROLL: I cannot see any reason why there should be any copies of evidence or anything of that kind taken and printed in connection with these bills.

Mr. GREEN: The bills are up for consideration today and I think it would be wise to have them printed.

Hon. Mr. CHEVRIER: Could not we cut down on the amount?

The CHAIRMAN: I would say 300 in English and 150 in French. Would somebody move it in regard to this bill, Bill No. 38.

Mr. LAFONTAINE: I move it.

The CHAIRMAN: Moved and seconded that the printing of this bill be 300 in English and 150 in French.

Mr. GREEN: Could we have a brief explanation?

Hon. Mr. CHEVRIER: I do not know that I need repeat what I said in the House, but the two main points concerning this bill are first of all that the title granted to the company paying off the mortgage should be a clear one, which in this case is the Canadian Pacific Railway Company, the parent company of the subsidiary; and the other has to do with the bringing into operation of sections 151 to 153 of the Railway Act. Those are the only two things contained in the bill: the payment of the mortgage in the amount of \$433,000 odd and the clearing of the title. There are two witnesses here, Mr. Maunsell, general solicitor for the C.P.R. and Mr. Hardy. Probably the committee would like to hear them, and perhaps Mr. Maunsell would be good enough to explain the bill.

### **J. Q. Maunsell, Q.C., general solicitor for the C.P.R., called:**

The WITNESS: Mr. Chairman and gentlemen: This matter was brought up in the first instance last spring, I think it was, when I got a note from Mr. Matthews saying the Auditor General had raised the question of the mortgage outstanding in this company and asking what the railway wished to do about it. The St. John Bridge and Railway Extension Company is a New Brunswick company incorporated in 1883 and at the time of its incorporation it arranged for a loan from the Dominion of Canada for this amount of money and that was authorized by dominion statutes and it authorized a loan with interest at 4 per cent to be payable in fifteen years. At the end of the fifteen years a new bill was passed authorizing the Governor in Council to extend for a further period of time the repayment of this mortgage. That would bring it up to 1913, I think it was, and nothing has transpired since then. During all that period of time interest has been paid at the rate of 4 per cent to the Dominion of Canada, but there has been no legal renewal of the mortgage and just what position the title is under the mortgage would be hard to say at the moment. However, this St. John Bridge and Railway Extension Company had no power to operate and it made some kind of informal agreement, a very informal agreement, with the New Brunswick Railway Company.

The New Brunswick Railway Company provided power and operated the railway of the St. John Bridge and Railway Extension Company and they continued that for a number of years; I don't know just how long. In 1890 the New Brunswick Railway Company system was leased for 99 years to the Canadian Pacific Railway Company and that lease carried with it all powers including powers of operation of other railway companies, and so whatever rights it had from the St. John Bridge and Railway Extension were conveyed to the Canadian Pacific Railway Company. Then, in 1905 the railway company in its annual report gave notice to the shareholders of the acquisition of the St. John Bridge and Railway Extension Company and it did acquire the stock of that company in 1905 and it has for many years had complete control over that company and there is \$200,000 common stock and \$125,000 debentures and the Canadian Pacific Railway Company owns the entire stock and the entire issue of debentures so the title to the railway company is entirely vested in the Canadian Pacific Railway Company subject to this mortgage to the Crown and the company is quite prepared to repay the mortgage to the Crown but wants to make perfectly sure it is to have control as to its title, mortgage, debentures or stocks, and that is the purpose of the bill, that the company will have the complete ownership without question of the whole thing and be able to treat it as part of the Canadian Pacific Railway system which it in fact is.

*By Mr. Green:*

Q. Apparently the bridge is used also by the Canadian National Railways?—

A. The bridge is in effect a joint section. It is owned by the Canadian Pacific Railway Company but there is a joint section agreement with the Canadian National by which the Canadian National comes down from Fredericton and has the right to operate over this bridge which is something less than two miles plus all the way from St. John which is a total distance of 14 miles and they have joint section rights by an agreement with the Canadian Pacific Railways. That is the only other company that uses it.

Q. This bill will not interfere with that?—A. No. This bill is for the purpose of clearing up their internal arrangements to make sure our title is perfect before we pay this money out, and the public are not affected.

Hon. Mr. CHEVRIER: What is the link with the New Brunswick Company?

The WITNESS: Just under two miles, 1.7 miles I think. Beyond that the rest of the 14 miles was owned by the New Brunswick Railway Company so this joint facility agreement covers more than the bridge coverage. I have the agreement with me.

The CHAIRMAN: Are there any other questions you would like to ask?

Mr. HERRIDGE: Why did the Canadian Pacific Railway Company continue to pay 4 per cent interest on a loan of this type over a long period of time?

The WITNESS: I haven't the slightest idea. I think if we were asked to pay it off we probably would. I cannot tell you.

Mr. GREEN: The government cannot improve your title at all, can it?

The WITNESS: Well, this goes back—

Hon. Mr. CHEVRIER: Parliament can, not the Government.

The WITNESS: There is a curious feature about the original bill and that is this: the mortgage itself is a complete conveyance to the Crown and it says "upon the repayment of this money the mortgage shall be void". Now, whether the mortgage being void restores the title to the other, I do not really know. It is a pretty complicated legal question and there are several rather difficult points of law which would be involved if any contest came up, but for practical purposes it will not make any difference.



Mr. GREEN: Is that why you have clause (c) in the first section?

The WITNESS: That is right. We only want the re-conveyance. We want a conveyance from the Crown to us of the land and we want every interest the Crown has whether it has it in fee simple or whether it has the mortgage interest.

Hon. Mr. CHEVRIER: You want more than that. You want to remove any cloud there might be on the title which might have arisen prior to your ownership of the bonds and securities?

The WITNESS: That comes up by reason of section 147 of the Railway Act, that it requires parliamentary authority before a railway company can acquire and hold the stocks and securities in other railway companies. You can see we would have reason to hold the stocks. We have had the stocks since 1905. There are various reasons we could go into, but we have the right. We want to make absolutely sure that no question arises.

Mr. GREEN: You are asking in subsection 2 for confirmation of a verbal agreement made between another company and the St. John Bridge and Railway Extension Company under which the railway has operated over this bridge?

The WITNESS: We are not putting it in that form at all. One of the reasons we would say that we may have the right is that this lease from the New Brunswick Railway Company which included the arrangement between that company and the Bridge Company is that that lease was confirmed by parliament which has inferentially given us the right to acquire. There is another reason we might have the right and that is that under the charter which I have with me, section 75, we have the right to acquire any line of railway east of North Bay to go to a port on the Atlantic ocean, the right to acquire any line or railway; it does not say we have the right to acquire stocks and shares. There is a doubt there.

Mr. GREEN: This section 2 is supposed to clear up all doubts in anyone's mind?

The WITNESS: It is to make this railway a part of the C.P.R. system, that is our interest in doing that, to have the whole thing cleared up in one bite.

The CHAIRMAN: Clause 1?

Carried.

Clause 2?

Carried.

Clause 3?

Carried.

Clause 4?

Carried.

Shall the title carry?

Carried.

Shall I report the bill without amendment?

Agreed.

The Canadian Overseas Telecommunication Corporation Act (amendments).

Hon. Mr. CHEVRIER: This bill is brought about by the introduction by the Financial Administration Act of last year and it has been found necessary to amend some of the sections of the Canadian Overseas Telecommunication Act to bring it into the field of the Financial Administration Act. It is now one of the companies mentioned in the schedule of that Act and for that purpose it has been necessary to make these amendments which do not, I think, in any way change what was in the original Act, but which simply brings it within the purview of the Financial Administration Act. The president and

the general manager of the Canadian Overseas Telecommunication Corporation, Mr. Bowie and the secretary, Mr. Cassidy and one of the directors of the corporation, Commander Edwards, are here on behalf of the crown company and I am sure they will be willing to answer any of the questions.

**Mr. D. F. Bowie, President and General Manager of the Canadian Overseas Telecommunication Corporation, called:**

Hon. Mr. CHEVRIER: I think perhaps you might start with this. There was some question when the matter came up in the House the other day as to what had been done with the capital moneys authorized for expenditure by parliament. I think there were some \$4 million or \$4½ million authorized by parliament for capital expenditure and the like in the original bill and I think the committee should know what was done with that money and what moneys are left and what you intend to do with anything that is left. Perhaps you might begin with that and then we could carry on from there.

The WITNESS: Mr. Minister, gentlemen, the original Act authorized a total capital of \$4½ million. Up to the present the corporations has actually drawn on that to the extent of \$3,418,781. The amount which we have so far had from the government has been applied to the purchase of the assets of Cable and Wireless Limited in Canada and also to acquiring the overseas assets of the Canadian Marconi Company. The assets of Cable and Wireless Limited were purchased in 1951 and a settlement with Canadian Marconi Company was finally reached on the 1st of May, 1952.

The committee will see therefore that there is a balance of roughly speaking \$1,100,000 left to credit and it is the intention of the corporation to apply that to certain future developments, some of which are already under way. I could perhaps go into probably developments briefly and then I would be glad to answer any questions that might arise. Active steps have been taken up to the present to transfer our Harbour Grace, Newfoundland, cable station to St. John's, and the estimated cost of that will run into some \$600,000.

*By Mr. Browne:*

Q. How do you estimate that \$600,000?—A. For the buildings and for an extensive land line from the point of landing at a place called Middle Cove.

Q. Are you going to put a new cable to Middle Cove?—A. There will be a cable landed coming from Portcurno, England into Middle Cove. Middle Cove is a matter of 7½ to 8 miles from St. John's.

Q. It is 4 to 5 miles?—A. We have had a survey and the survey says about 7½ miles.

Q. Going around in circles?—A. I do not think so. Of course we have to follow the city streets to some degree when we get into St. John's.

Q. How do you estimate for that expenditure?—A. On the land line?

Q. Yes.—A. That is part of the total I gave you. The actual cable itself—there are six miles of armoured cable which will go into the ground along the Torbay Road and then two miles of unarmoured cable which will go into ducts through the city streets in St. John's. The total cost will be about \$118,000 for the cable. In addition to that of course there are the ducts themselves which is a matter of \$32,000 and the building costs are estimated to be about \$228,000 to \$230,000.

Q. Where are you going to build that?—A. On Water Street.

Q. Where?—A. It is opposite the east post office there, there is a small site.

Q. How much are you paying for the land?—A. \$10,000.

Q. Are you going to abandon the line to Harbour Grace?—A. Yes.



Q. Can you redeem or salvage any part of that cable?—A. Yes. That will be pulled up. It does not belong to this corporation. It belongs to the English company and they will pull up certain sections of it that will be useful.

Mr. CAVERS: Why is it desirable to move from Harbour Grace to St. John's?

The WITNESS: It is a straight question of economics. There is no business at Harbour Grace, but we feel the corporation may make some money if it goes into the business centre in Newfoundland.

*By Mr. Browne:*

Q. The question is why?—A. That is a very good question. In looking back over history, that cable was laid in 1874 and it was laid by a company called the Direct United States Cable Company. It was merely put in as a relay point between the United Kingdom and the United States.

Q. Do you own the building at Harbour Grace?—A. Yes.

Q. Will you sell it?—A. Yes.

Q. That does not cover the \$600,000? Is there more expenditure—equipment for the building?

Hon. Mr. CHEVRIER: I thought it was \$300,000.

The WITNESS: The price has gone up. It had been originally intended to lay a cable into St. John's harbour, but owing to defence requirements we were not permitted to lay it in St. John's harbour, so we had to go to the next best spot and then bring in a land line which has increased our costs—by the time we have paid for the digging of the trenches between Middle Cove and the offices the total cost will have gone up into the neighbourhood of \$600,000.

Q. How? You pay \$118,000 for cable, \$32,000 and \$228,000. That is \$275,000—\$276,000.

Hon. Mr. CHEVRIER: That is about \$378,000.

The WITNESS: Taking into consideration the cost of digging the trench which we do not know at the moment—it is likely to be a very expensive item—there is the various associated equipment—there is a total of about \$330,000 to be provided for, and so taking an overall figure of \$600,000 it should cover our estimated expenditure.

Mr. BROWNE: Do you have radio-telephone from there too as well as cable?

The WITNESS: Well in a long term project we might do. At the moment the ends of the telephone service—when I say we may do I would not want any confusion. The Avalon Telephone Company operate in St. John's and the peninsula. We would not operate the telephone service, but it may be there is a possibility that we would control the end of the radio circuit and feed it into the Avalon which at the present moment they do themselves. I could not give you a positive answer because the question has not been gone into.

Hon. Mr. CHEVRIER: May I interrupt? What was the point you mentioned in England from where the cable came.

The WITNESS: Porthcurno in Cornwall.

*By Mr. Browne:*

Q. How much did you pay Cable and Wireless?—A. For the assets in Harbour Grace between \$39,000 and \$40,000.

Q. What did that cover?—A. Equipment in the building and the land and the building.

Q. How much for the building?—A. Land and building \$30,509.49; the telegraphic equipment was \$21,645.69 and furniture and other things \$4,286.15. When I quote the figure of \$39,000 and \$40,000 that was the actual figure for which we settled on an expropriation basis. There were certain things in there not expropriated.

Q. That was the whole assets of Cable and Wireless?—A. We have the whole assets. These three figures I have now given represent \$39,000.

Hon. Mr. CHEVRIER: That is the whole of the assets in Newfoundland, not Canada?

The WITNESS: That was just in Harbour Grace.

*By Mr. Browne:*

Q. And the whole assets in Canada?—A. \$550,000—a total settlement of \$550,000.

Q. And the Canadian Marconi?—A. \$2,500,000 plus an amount of \$276,761 for the Marconi building in Montreal. That is now the head office of the corporation.

Q. Has everything purchased now been paid for?—A. Everything we expropriated has been paid for.

Q. Is there any Canadian Marconi equipment in Newfoundland that you bought?—A. Yes.

Q. Where?—A. In the Avalon office there was terminal equipment and also out at the radio station there we had our transmitters and receivers. The total figure for that was \$95,122.31.

Q. Can I come to another point here. I notice word "cable". The definition has been changed to just include the end of the cable. What does that mean. Was that a mistake originally.—A. Yes, I think it was a mistake. Actually the cable head itself—it is nothing. It is where the cable comes. You have the end of the cable with a few terminal screws and the rest of it and it was not intended originally that it should include the house in which the end of the cable was. In common with the rest of the Commonwealth, Cable and Wireless had sold all these small buildings to the national company concerned and our Act precluded us from buying them. And actually, of course, we need to have access all the time to the cable head and it should be our property.

*By Mr. Green:*

Q. What about the land?—A. The land will go with it.

Q. Do you mean there has been a mistake in the original Act in that it excluded in a definition of cable head the wires together with the building in which it is housed?—A. That is correct.

Q. Under the original Act you could not buy the building in which the cable was housed?—A. The Act was quite specific. Section 8. It said subject to the approval of the Governor in Council.

Hon. Mr. CHEVRIER: Definition of cable head in the interpretation section of the Act says that a cable head means the short end of a submarine cable together with the building in which it is housed.

Mr. GREEN: Section 8 said they could not buy it.

The WITNESS: They said we may not acquire it. It did not permit us to buy it. It specifically excluded the cable heads.

Mr. GREEN: You have acquired buildings?

The WITNESS: No, not these.

Hon. Mr. CHEVRIER: You want to acquire them?

The WITNESS: Yes, we do.

Hon. Mr. CHEVRIER: That is the purpose of this amendment?

The WITNESS: That is right.

Mr. GREEN: How much was involved in that?



The WITNESS: I think \$200 or \$300. Actually I have no idea. It might be quite small. I am perfectly certain the English company would give us a very good deal on that in order to be rid of them.

The CHAIRMAN: Any further questions?

Mr. BROWNE: Yes. Subsection 2 of section 14 of the old Act was repealed. Is there anything substituted for that? Why has this been changed?

Hon. Mr. CHEVRIER: That is now I understand under the Financial Administration Act.

Mr. BROWNE: I could not find it. You mean a similar provision.

The WITNESS: Mr. Chairman and gentlemen, regarding section 14, subparagraph 2 it will be seen there that in its reference to paragraph 1 it is quite a restrictive clause and if we are permitted to use some of our surplus for further capital developments that would prevent us from so doing.

Mr. BROWNE: How?

The WITNESS: It refers to this specific item of \$4,500,000 and says the money paid to the corporation under this section shall constitute the capital of the corporation.

Mr. GREEN: That must have been amended after the original Act was passed.

Hon. Mr. CHEVRIER: Yes, I think that should be read in conjunction with 82.

Mr. GREEN: You do not want any restriction on the amount of capital? Is that the purpose of the charge?

The WITNESS: Yes.

Hon. Mr. CHEVRIER: Subject to the approval of the Minister of Finance.

*By Mr. Browne:*

Q. What is the authorized capital?—A. \$4½ million is our authorized capital.

Q. Where is this \$1,100,000 at the present time?—A. Right here in the treasury.

Q. But earmarked for you?—A. Yes, for our purposes.

Mr. GREEN: But you haven't paid any of the money advanced?

The WITNESS: There is no provision in the C.O.T.C. Act which would permit us to repay any of the loan.

Hon. Mr. CHEVRIER: I think it will be, with the Financial Administration Act coming into operation, but the C.O.T.C. is a Crown company and the Minister of Finance must approve of its budget and any amounts that are spent from year to year.

Mr. GREEN: There will be power in the corporation to repay loans from the government?

The WITNESS: Under the Financial Administration Act there will be. That is, to bring our corporation into the scope of the Financial Administration Act.

Mr. CARROLL: Regarding the submission to the minister, I see section 5 repeals section 23 and section 10 does the same thing. Is there any reason for that?

Mr. BROWNE: That is for the revised statutes.

The CHAIRMAN: Yes, that covers the revised statutes in Part II. Part II is really a repetition of Part I but amending the numbers of the revised statutes. All we need to do is to deal with Part I.

Mr. BROWNE: Section 15 is repealed. That has the effect of increasing your working capital from \$100,000 to \$500,000. Is it intended to use so much working capital?

The WITNESS: No, it certainly is not.

The CHAIRMAN: I think you should go on with your program. There is quite a substantial program running into several million dollars and you stopped with the first item. I think you might go on if you will.

The WITNESS: The next item in our extension program provides for the erection of a radio station at Vancouver. The costs of it are estimated to be \$1,341,300. The expansion in Vancouver is contemplated in the first place in order to strengthen the Pacific cable network and we shall of course use that expansion in order to develop our own services to Australia and New Zealand as regards radio, telephone and telegraph service. At present we are in a comparatively poor position competitively because our business to the far east has to circulate across Canada and through London. American competitors are able to deal direct from San Francisco.

*By Mr. Carroll:*

Q. Will this radio station at Vancouver be under your control?—A. Yes.

Q. What will it cost?—A. \$1,341,000.

Q. Where will it be located?—A. We have not yet picked a site.

Mr. MOTT: You own that Marconi system?

Mr. GREEN: Why was it not taken over by the corporation?

The WITNESS: That is for their ship to shore services I would assume. They operate no overseas services.

*By Mr. Murray:*

Q. This will result in lowering cable rates on the Pacific?—A. Well, that I am inclined to doubt at the moment. What we are trying to do by some of these changes here is to hold the present cable rates.

Q. You are paying cable rates right across the Atlantic to London. Would you not be saving by sending from Vancouver direct?—A. I think you can take it from me that the amount of profits we are making that way are very small indeed. I do not think it is possible on a global affair such as we have here to say that you can pick out any one particular item and say that we will save some money on this one and make a little more on the other one. In some instances we make quite a bit of money on some cable rates because our payments to foreign governments are small. In other cases we make very little.

Q. If you send a load of lumber to Tokyo out of the port of Vancouver and send a message from Vancouver with respect to the shipment it would surely cost less than to send it around the world by way of London?—A. I think the problem there is different. If you are operating a direct radio circuit you have got certain division of the tolls which is usually on the basis of 50-50. Thanks to our good standing in the United Kingdom, amongst others, we work with them and our traffic passes through them and they forward it on on the second ring of the link and they operate at cost.

Q. Why do the Americans have theirs at San Francisco?—A. They put them there quite obviously because they are able to get better service that way and that is what we will aim at. We have only just been able to get around to developing an expansion program to take care of these anomalies.

Q. I would think Vancouver should become a world city in respect to communications. It certainly is with respect to sea trade and so forth?—A. I am sure it will.



Q. This would help it then, the establishment of the Pacific radio end. Would it have anything to do with the defence of the country?—A. I think that is logical.

Mr. GREEN: Would your station be on the mainland or on Vancouver Island?

The WITNESS: On the mainland I think.

*By Mr. Mott:*

Q. With respect to the wireless station at Vancouver have you communication across Canada?—A. No, owing to the aurora borealis.

Mr. RILEY: How long has that station in Newcastle been in operation?

The WITNESS: I do not know. The third item on our expansion program is the question of the removal of the cable station at Halifax. I think without divulging a secret, that one was rather wished upon us from a defence viewpoint.

Mr. CARROLL: What?

The WITNESS: Defence viewpoint.

Mr. GREEN: Now you are doing away with it?

The WITNESS: We shall not do away with it. We shall move to another location. It is perhaps somewhat dangerously situated in case of trouble.

*By Hon. Mr. Chevrier:*

Q. When you speak of removal do you mean removal from one place to another in Halifax and construction of a new one?—A. Yes. At present our office is located in the centre of the city and in case of trouble it would be moved out about twenty miles from the centre of the city.

*By Mr. Browne:*

Q. Have you an estimate of the cost of that?—A. Roughly about a quarter of a million dollars.

Q. Do you use ducts to bring in your cables?—A. We would not do it by overhead lines there. We would bring the cables right into the cable office itself and we would have the office sufficiently close to the shoreline that we could bring the cable right in. You will appreciate, of course, that we could not transfer our staff out to Middle Cove, it would be impossible.

The fourth item we have on here is for the provision of direct radio circuits amounting to roughly \$317,000. It is somewhat remote at the present time because we have not yet contacted the foreign countries with whom we would like to set up direct radio circuits but it will include France, Belgium and Holland, Argentina and Brazil, and ultimately we hope Japan and China if the Chinese situation ever comes back.

Q. And Russia?—A. Not likely. But that item, of course, is subject to considerable negotiations on our part before the thing can be developed any more.

Q. Do you build these buildings yourself or call for tenders or do you do it through the Department of Public Works?—A. We call for tenders. In the case of the building at St. John's the contract was awarded to the lowest tender.

Q. It was awarded?—A. Yes.

Q. Who has the contract?—A. A. F. Byers Construction Company Ltd.

*By Mr. Murray:*

Q. Would the Vancouver station be powerful enough to reach some of the trans-Pacific countries?—A. We will certainly make it so.

Q. Go to China, Siberia and so forth?—A. I would suppose so.

*By Mr. Mott:*

Q. If your station in British Columbia is strong enough to reach those places and you have one in Halifax strong enough to reach London, why would you not have a trans-Canada communication by radio, 5,000 miles, in case the cable went out or something like that?—A. You are getting me into technical matters on which I am not awfully strong but I believe at the present I am safe in saying it is difficult to direct radio signals with any real continuity of service across the continent. We are so close to the North Pole that because of the effect of the aurora borealis we would be liable to be blotted out most of the time. If it is ever possible to afford to put in a micro-wave system across the country, then that would be the answer. Micro-wave is, of course, a comparatively new development which is very costly to operate and you have to have relay points about every 100 miles.

Q. My friend said in the past that station was built from Halifax to Newcastle. I understand at that time the shortwave station was built for service across Canada.

*By Mr. Murray:*

Q. The aurora interferes with the telegraph, does it not?—A. It does very substantially but it does not usually put telegraph circuits out of operation. It is inclined to, shall we say, introduce a mutilation factor to some degree but usually they are able to work even under severe conditions. But radio circuits particularly running East and west are liable to be blotted out completely and I am afraid that Montreal-Vancouver is almost due east and west.

Q. On the ocean, over the water, I suppose you would have better reception?—A. The condition is pretty much the same. Periodically you will get a complete blackout not only over circuits running East to West but on circuits running North to South and under those conditions of course we rely entirely upon the cable services.

*By Mr. Browne:*

Q. Is that the end of the expansion program you have in mind?—A. No. The end is the expansion of the Drummondville and Yamachiche stations and I think you will appreciate that we have to make extensions on the transmitting and receiving stations also to provide the necessary equipment to do the job and the estimate there is a matter of \$484,000.

Q. That is three million dollars altogether?—A. Yes, roughly speaking three million dollars.

Q. Are you going to ask for a supplementary?

Hon. Mr. CHEVRIER: This is now approved in a different fashion. The capital budget is submitted to the Governor in Council. Under a section of the Financial Administration Act this is approved and I think that is tabled in the House.

Mr. BROWNE: Do you not have to submit an annual budget for the corporation?

Hon. Mr. CHEVRIER: Yes, I submit that to the Governor in Council. It must have the concurrence of the Minister of Finance and then it is approved by the Treasury Board.

Mr. BROWNE: It is submitted to parliament under section 80.

Hon. Mr. CHEVRIER: Yes.

Mr. BROWNE: Are you going to do that this session?

Hon. Mr. CHEVRIER: Yes. There is some reference to the tabling of certain documents in the Financial Administration Act, and I assume everything should be done on one tabling.



*By Mr. Green:*

Q. Where is the money to come from to pay for these developments? The original Act provided \$4 million and how much of that is available now?—A. Roughly speaking \$1,100,000 is still available.

Q. And you have had some profits as a result of your operation?—A. I am afraid those are gone.

Hon. Mr. CHEVRIER: Those have been turned in. I would think the operation of this would be pretty much the same as the operation of other Crown companies. These items will not appear in any estimates of the Department of Transport that I will be dealing with later on this session, but they will appear in the budget of the Crown company and will be approved of by Finance and tabled in the House and money voted in the same manner as moneys of other Crown companies required for capital development.

Mr. GREEN: In the case of the C.N.R. there is a bill.

Hon. Mr. CHEVRIER: Yes, that is provided for in the Act. There will not be a bill in each case; but of course the amounts are not nearly as large as in the case of the Canadian National Railways.

Mr. GREEN: Will it appear in the estimates?

Hon. Mr. CHEVRIER: It will not appear in my estimates; it will appear in the budget which will be tabled by myself in the House.

Mr. GREEN: Is that budget ever approved by the House?

Hon. Mr. CHEVRIER: No; but that is the budget we will refer to this committee today if the committee feel like going into it, and that is my personal function; the president of the corporation should deal with these capital expenditures so that the committee would know what they will be.

Mr. GREEN: Surely there must be some way of obtaining parliamentary approval of advances to these Crown companies.

Hon. Mr. CHEVRIER: The method was set out in the Financial Administration Act, in the Canadian Overseas Telecommunication Act, which provided for the tabling of these various matters. Section 23 of the Act, subsection 3 states:

An annual capital budget and an annual operating budget of the corporation shall be submitted by the board to the minister for his consideration and approval and thereafter shall be submitted to parliament.

Now, that has been done on two occasions by myself. From now on the manner will be as set out in the Financial Administration Act. I do not know that I can give you the section.

Mr. GREEN: Section 23, subsection 3 states:

. . . shall be submitted by the board to the minister for his consideration and approval and thereafter shall be submitted to parliament.

Now, does that not mean that parliament must approve of it in some way or other?

Mr. BROWNE: That has been repealed.

Hon. Mr. CHEVRIER: I know it has been repealed, but our interpretation—

Mr. WHITESIDE: Does it not appear in the estimates as a separate matter?

Hon. Mr. CHEVRIER: My interpretation is that it appears in parliament; it does not appear as a separate item.

Mr. WHITESIDE: Not as a private corporation?

Hon. Mr. CHEVRIER: Yes.

Mr. GREEN: Apparently it is not in any estimate. At the back of the estimates there are items with regard to loans, for example, for National Harbours.

Hon. Mr. CHEVRIER: There was no purpose in doing that Mr. Green because there was an Act, which is the Canadian Overseas Telecommunication Act, authorizing the expenditure of \$4½ million that was approved by parliament for a certain purpose. The first report tabled in the House indicated to what extent portions of this money had been spent. The second report indicated how much more had been spent, today we have a statement that there is \$1 million left in the treasury, together with an expansion program amounting to, roughly speaking, \$3 million. Well, now I suppose when the company is ready to table its annual report, the next report 1953, I should table it, setting out what has been done with these moneys, and also indicating the approval of the minister. I would take it there would probably have to be—I have not gone into too thoroughly—some entry in my estimates and if not in my estimates in loans and investments in the estimates of the Minister of Finance covering amounts not already accounted for.

Mr. GREEN: Am I summing up the situation correctly when I say there is a certain balance of about \$1 million which has been duly approved by parliament when the original Act was passed.

Hon. Mr. CHEVRIER: Well, unexpended.

Mr. GREEN: And that amount is still unexpended.

Hon. Mr. CHEVRIER: And still in the hands of the treasury.

Mr. GREEN: And of course can be spent without any further authority from parliament.

Hon. Mr. CHEVRIER: That is right.

Mr. GREEN: And in addition the corporation now proposes to spend \$2 million for which there has been no authorization by parliament.

Hon. Mr. CHEVRIER: That is right.

Mr. GREEN: It seems to me there should be some way in which parliament would authorize that expenditure.

Hon. Mr. CHEVRIER: Of course; and that way I would think would be following the tabling of the annual report, either included in the loans or estimates such as in the National Harbour Boards are or a separate item in the Department of Transport estimates or both.

Mr. GREEN: If the corporation proposes during the coming financial year to spend more than \$1 million which they have left of the amount provided for in the original Act surely there should be some item in the estimates for 1953-54 rather than it should be approved after it has been spent.

Hon. Mr. CHEVRIER: That is the point I am telling you. It should be either in the loans or investments under the finance or in transport under C.O.T.C.

Mr. GREEN: But would it be in the 1953 estimates or the 1954-55 estimates?

Hon. Mr. CHEVRIER: It would be in the 1953-54 estimates—supplementary estimates.

Mr. GREEN: But is it clear parliament would have to authorize that additional capital before it could be spent?

Hon. Mr. CHEVRIER: I do not think there is any doubt about it. I do not think they can spend money without authorization.

The WITNESS: We would not be spending beyond that \$1 million this year. We have certain reserves in hand which provide for items to be taken if we need them, and it is certain we shall not be calling upon that in this expansion program which you will see is a matter going over four or five years.

Hon. Mr. CHEVRIER: In that case the point raised by Mr. Green would not arise in the 1954-55 estimates. You would have provision in that estimate over and above the \$1 million authorized in that year.



The WITNESS: If it were necessary, Mr. Minister.

Mr. GREEN: This is a very important case. This is only one of many crown companies and I was surprised a crown company could get capital to spend without having the proper approval of parliament, but apparently that is not the case.

Hon. Mr. CHEVRIER: No it is not.

*By Mr. Browne:*

Q. How much have you in that reserve?—A. We have in reserve at the moment about roughly speaking \$550,000.

Q. It was \$550,000 in this past year. There was \$365,000 last year in your report?—A. That is items reserved—depreciation \$408,890 and provision for obsolescence \$140,490. That is at September 30, of last year.

Q. What was the profit for 1951?—A. I think \$195,000. I should know that off by heart.

Hon. Mr. CHEVRIER: \$195,000. I remember it because I have been used to deficiencies as a rule. It is nice to know there is a surplus.

The WITNESS: \$195,000.

Mr. BROWNE: That is 1951-52.

The WITNESS: 1952. We have not got—

*By Mr. Browne:*

Q. But what about the estimate, because there will be an increase in reserves?—A. After providing for income tax the profit or surplus this year (1952) should amount to about \$120,000 but there is a disturbing—not particularly disturbing—but there is a feature which may cost us some money and on this one is not able to say anything at the present time because it is under study, but in taking over the staff of the English company we were obliged to take over their pension fund as well and the obligations that went therewith and we have had an actuary studying the position for us in the last few weeks. He suggests we ear-mark \$82,000 this year to meet that. If that proves to be the case the profit for the year 1952 after income tax will be reduced to about \$40,000. Our provision for income tax, our estimated provision, is roughly speaking \$95,000 which of course we did not have to pay last year and interest on government loans is \$101,263.

Q. You pay that too?—A. Oh yes, we pay everything.

Mr. GREEN: I notice you are changing section 23 of the Act. As it stood originally it provides for an annual capital budget and an annual operating budget which has to be submitted to the minister and approved and then submitted to parliament. Well, the new section calls only for an operating budget, with no mention there of a capital budget and it only has to be submitted to the minister—there is no provision for submitting to parliament.

Hon. Mr. CHEVRIER: I think that is a form that applies to all crown corporations. You are referring now to Section 85—1, 2, 3 and 4.

Mr. BROWNE: He is looking at the C.O.T.C. Act.

Hon. Mr. CHEVRIER: But look at Section 23 of the C.O.T.C. which is being repealed because of what is now in Section 85, 1, 2, 3 and 4 of the Financial Administration Act which, I take it, applies to all crown companies of the class of C.O.T.C. and which—perhaps I might as well read it:—

(2) Subject to such directions as to form as the Minister of Finance and the appropriate minister may jointly give, a corporation shall prepare in respect of each financial year statements of accounts which shall include

(a) a balance sheet, a statement of income and expense and a statement of surplus, containing such information as, in the case of a company incorporated under The Companies Act, 1934, is required to be laid before the company by the directors at an annual meeting, and

(b) such other information in respect of the financial affairs of the corporation as the appropriate minister or the Minister of Finance may require.

(3) A corporation shall, as soon as possible, but within three months after the termination of each financial year submit an annual report to the appropriate minister in such form as he may prescribe, which shall include the statements of accounts specified in subsection two, and the appropriate minister shall lay the report before parliament within fifteen days after he receives it or, if parliament is not then in session, within fifteen days after the commencement of the next ensuing session thereof.

(4) A corporation shall make to the appropriate minister such reports of its financial affairs as he requires.

I think its clauses are sufficiently protective.

Mr. BROWNE: Section 82 subsections 2 and 4 are the same thing.

Mr. GREEN: Why has the provision for a capital budget been taken out of Section 23? Under the present Act you are required to submit an annual capital budget and an annual operating budget. In the new section there is only a provision for an operating budget.

Hon. Mr. CHEVRIER: Section 80 subsection 2 covers that. It covers the requirement of the capital budget. The minister shall lay annually before parliament a capital budget for each financial year.

The CHAIRMAN: Any other questions?

Mr. CARROLL: There is just one question I was going to ask. Will the C.B.C. have some control over your radio station such as that in Vancouver as they have over private radio stations now?

The WITNESS: The C.B.C. has no control over our radio stations at all.

Mr. CARROLL: Perhaps they have no control over private stations but they have certain regulations that are applicable to private stations.

The WITNESS: The C.B.C. has no jurisdiction to the best of my knowledge and belief over telegraph and telephone communications whatsoever. Certainly they have not jurisdiction over us.

Mr. CARROLL: I was talking about radio stations.

The WITNESS: Just for telegraphic or telephone purposes not for broadcasts.

Mr. MURRAY: It would not be available for broadcast messages over C.B.C.?

Hon. Mr. CHEVRER: I understand the C.B.C. has jurisdiction over broadcasting and television stations but that is for their own purposes.

The WITNESS: I think one might answer that this way by saying that if the occasion arose and the C.O.T.C. had a circuit with a country over which the C.B.C. wanted to broadcast we could perhaps give them the channel to do it but I do not know. It is a possibility anyway.

Mr. MURRAY: They would put their own stations up anyway for overseas broadcasts I presume?

The WITNESS: They have facilities for picking up broadcasts from practically anywhere so I think it is unlikely we would be drawn in.

Mr. GREEN: You are not going into television?

The WITNESS: No.

Hon. Mr. CHEVRIER: He has enough trouble now.



*By Mr. Browne:*

Q. I want to know what part your corporation plays in telephone communication between St. John's and Montreal?—A. We provide a radio link between St. John's and Montreal or Drummondville and Yamachichie.

Q. That is the whole thing. If you radio from St. John's to Montreal then the person in Montreal is speaking to St. John's—will he owe you almost the whole toll?—A. I wish that were true.

Q. What percentage of \$4.50 payable from St. John's to Montreal would come to the C.O.T.C.?—A. I am afraid I have not got that with me Mr. Browne. I can tell you this from my memory. There are certain fixed charges which telephone companies apply at each end and we provide a link, as I told you, between St. John's and the receiving station at Yamachichie and from there the telephone companies take over. Our transmission station is at Drummondville. We take over from Drummondville and transmit to St. John's. Functions in St. John's are carried out on our behalf—although we provide the equipment—by the Avalon Telephone Company and at this end we give service to the Bell Telephone Company at Yamachichie and the portions of each toll recently reduced were largely borne by the corporation.

Q. That is why I asked how much the corporation gets of the money. Does not the corporation get the bulk collected?—A. We would get the bulk of it because we are providing the bulk of the service.

Q. Of course, I mean exclusively in St. John's and Montreal. Did you find any increase in the business from reduced rates which you were able to give? Have you the figures as to the effect of the reduction.—A. I would say no but I think that the introduction of the short circuit between Port aux Basques and Sydney, there are two channels across there I understand, we have not received the December figures from the clearing house which has the Maritime Telegraph and Telephone business and so I have not seen the December figures. They are not available, but I understand there was quite a very substantial increase in the volume of telephone calls between St. John's or between Newfoundland and the Maritime provinces, and that is what we expected. We reduced rates from \$7.20 to something over a \$1 at the shortest haul.

Q. No, \$2.50.—A. Between Port aux Basques and Sydney?

Q. No \$2.50.

Mr. MURRAY: Rather good.

Hon. Mr. CHEVRIER: It is, but Mr. Browne thinks it is not good enough.

*By Mr. Browne:*

Q. You could talk an hour to New York for the same price as from here to St. John's for three minutes.—A. I am surprised to hear you tell me that Port aux Basques to Sydney is \$2.50. You may be right. I would stand to be corrected, because I do not have the schedule of all these rates with me. I do not think any one of us has it. From Corner Brook to Moncton is a matter of 379 air line miles and the toll is only \$2.65.

Q. Maybe I am wrong but the Minister did not seem to give anything about that figure of \$2.65 I don't think.

Hon. Mr. CHEVRIER: When I referred to the rates in the House I did not remember.

Mr. BROWNE: He did not give us information of anything lower—any shorter distance.

The WITNESS: I think these figures were perhaps given as percentages. The telephone charges are of course based on an air line telephone mileage system.

*By Mr. Browne:*

Q. In the maritimes only?—A. No, on the whole system.

Hon. Mr. CHEVRIER: May I interrupt to deal with your question. I have got the statement I made in the House and I did read the amounts and the amount between Port aux Basques and Sydney is \$1.20.

Mr. BROWNE: I do not remember your reading that.

Hon. Mr. CHEVRIER: This is a copy of what I read.

Mr. MURRAY: What was it—\$7 before?

Hon. Mr. CHEVRIER: \$7.20.

Mr. BROWNE: The rate between St. John's and Montreal and St. John's and Winnipeg are the same. Why is that?

The WITNESS: As regards the rest of the continent other than the maritime provinces I think you will remember that the service is by radio from St. John's to Montreal and after that has been applied on a province rate range in each case in order to eliminate a tremendous schedule of little bits and pieces in the rate which would apply if you put in a mileage basis in each case. Weight was given to the likely origin of the bulk of calls between any one particular province and Newfoundland and on that basis the rates were established, also giving consideration to the distances involved from Montreal. The Quebec rate for instance was reduced from \$7.20 to \$4.50; Ontario was only reduced from \$7.50 to \$6; Manitoba came from \$9 to \$6 and British Columbia from \$12 to \$9. There are tremendous land line hauls involved in the case of these western provinces and until such time as we persuade the land line companies to take a little further reduction on that I am sure it is the intention of everybody including ourselves at the first opportunity—the first reasonable opportunity—to consider further reductions in rates, but we took a very big step there to start and we would like to see where we are going before we do any more.

Mr. BROWNE: I must apologize to the minister for what I said. I did not have any recollection of the \$1.20 figure. But here is the position I put to the minister. The telephone companies generally give reduced rates after six o'clock in the evening and on Sundays. Why does not the C.O.T.C. consider that.

The WITNESS: Mr. Browne the information I have is to the effect that there is no such service available in Newfoundland and on the domestic telephone service there. The telephone companies have told me that that is not so. The C.O.T.C. would be very glad to reduce rates at night time and we would like to see our circuits operating at night time. We keep them working as it is 24 hours a day and for most of the time. Although the transmitter and the receivers are on the air, there is practically nothing coming through. We would welcome it. But I have been informed by the telephone companies that that is the condition in St. John's and in Newfoundland itself.

*By Mr. Carter:*

Q. Was it due to the policy of the Avalon Telephone Company?—A. I do not know.

Q. What other reasons would there be?—A. That is all I can think of.

Hon. Mr. CHEVRIER: That policy is due to local determination.

The WITNESS: I think so.

Mr. BROWNE: That would exist, but I do remember they did have reduced rates for Sunday and for night time, but that does not apply to the maritimes or any part of the telephone company.



The WITNESS: I think service is in everywhere else and we would, personally speaking, the C.O.T.C. would be delighted to see circuits working to capacity even at the reduced rates because it would be all additional grist to the mill.

*By Mr. Carter:*

Q. Would you say whether the Avalon Telephone Company was operating on a provincial or federal franchise?—A. I am not sure.

*By Mr. Browne:*

Q. Is that the obstacle to having reduced rates after 6 p.m. and on Sundays in Newfoundland?—A. It would be impossible to institute services if everybody does not have it.

The CHAIRMAN: Shall clause 1 carry?

Carried.

Clause 2?

Carried.

Clause 3?

Carried.

Clause 4?

Carried.

Clause 5?

Carried.

Clause 6?

Carried.

Clause 7?

Carried.

Clause 8?

Carried.

Clause 9?

Carried.

Clause 10?

Carried.

Clause 11?

Carried.

The CHAIRMAN: Shall the title carry?

Carried.

The CHAIRMAN: Shall we report the bill without amendment?

Hon. MEMBERS: Agreed.

The CHAIRMAN: I am sure the committee would like to thank Mr. Bowie for the report he has made on this bill.



















